



Ethics at Work

2018 survey of employees

Italy

By Guendalina Dondé and Katja Somasundaram

Published by

ibe Institute of
Business Ethics



CONFINDUSTRIA
ASSOCONSULT
Associazione delle Imprese di Consulenza di Management

What we do

The Institute of Business Ethics, whose purpose is to promote high standards of business behaviour based on ethical values, is an important partner to any business wanting to preserve its long-term reputation by doing business in the right way.

All organisations need to demonstrate they are trustworthy in order to operate effectively and sustainably. Reputations are not based solely on the delivery of products and services, but on how an organisation values its stakeholders. Having a reputation for acting with honesty and ethics will not only differentiate an organisation, it will make it more successful.

For over 30 years, the IBE has advised organisations on how to strengthen their ethical culture by sharing knowledge and good practice, resulting in relationships with employees and stakeholders that are based on trust.

We achieve this by:

- Acting as a critical friend to organisations we work with
- Advising senior business leaders and those with responsibility for developing and embedding corporate ethics policies
- Supporting the development of these policies through networking events, regular publications, research and benchmarking as well as training
- Providing guidance to staff through bespoke training and decision-making tools
- Educating the next generation of business leaders in schools and universities.

The IBE is a registered charity funded by corporate and individual subscriptions.

Subscribe today and be part of a network sharing good practice in business ethics.

www.ibe.org.uk

Advisory
Services



Events



Research &
Publications



Ethics Training
& Tools



Business Ethics
in Education



Assurance



Advocacy





Ethics at Work

2018 survey of employees

Italy

By Guendalina Dondé and Katja Somasundaram

All rights reserved. To reproduce or transmit this book in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, please obtain prior permission in writing from the publisher.

Ethics at Work: 2018 survey of employees – Italy

ISBN 978-1-908534-39-2

© IBE www.ibe.org.uk

First published September 2019

by:

The Institute of Business Ethics
24 Greencoat Place
London SW1P 1BE

Company No. 11594672

Registered Charity No. 1180741

Contents

	Page
Authors and Acknowledgements	4
IBE Foreword	5
National Partner's Comment	6
Key Findings from Italy	12
Introduction to the Research	13
Chapter 1 Survey Themes	15
Theme 1: Assessing the ethical culture	15
Theme 2: Identifying ethical risks	18
Theme 3: Supporting ethics at work	22
Chapter 2 Spotlight Issues	27
Issue 1: Speaking up	27
Issue 2: Ethical management	29
Summary and Conclusion	32
Appendices	
1: Methodology and Respondent Profile	34
2: Survey Questionnaire	35
Related IBE Publications	40






Authors

Guendalina Dondé is Head of Research at the Institute of Business Ethics. She writes and researches on a range of business ethics topics for the IBE. She is the author of the IBE *Corporate Ethics Policies and Programmes: 2016 UK and Continental Europe survey* and co-author of the 2017 IBE *Setting the Tone: a New Zealand perspective on ethical business leadership*; the 2017 TEI & IBE *Ethics and Compliance Handbook*; the 2016 IBE *Codes of Business Ethics: examples of good practice* and of the French and Italian editions of the 2015 IBE *Ethics at Work: 2015 survey of employees*. Before joining the IBE, she collaborated with the inter-university centre for business ethics and corporate social responsibility EconomEtica in developing the code of ethics for the Italian Association of Management Consultants and worked for CSR Europe, a European CSR Business Network based in Brussels. She holds a master's degree in Business Ethics and CSR from the University of Trento in Italy.

Katja Somasundaram worked at the IBE as Research Assistant, where she provided support for the Research Hub by researching and writing on a number of business ethics topics. She worked for the IBE from 2017 to 2018. Katja holds a master's degree in Corruption and Governance from the University of Sussex.

Acknowledgements

The IBE would like to thank the following organisations for their generous support of this survey report.

Gold Supporter	
	
Silver Supporters	
	L'ORÉAL  Morgan Stanley
Bronze Supporter	National Partner
	 CONFININDUSTRIA ASSOCONSULT <small>Associazione delle Imprese di Consulenza di Management</small>

Many people and organisations have made this survey report possible. In addition to the financial support provided by the organisations listed above, we would like to thank Confindustria Assoconsult, our National Partner for this survey report. We are grateful to ComRes for their help and support in producing the data for the report. We are also thankful for the input of all IBE staff. Thanks also to Neil Pafford who designed the publication.

IBE Foreword

This publication of *Ethics at Work: 2018 survey of employees – Italy* data is the third time, since 2012, that the IBE has looked at Italian attitudes to ethics in the workplace.

Set against the backdrop of the current business environment, it is interesting to see how Italian employees view ethics at their place of work. The survey report also looks at how views differ according to age and gender, plus whether respondents work in the private or public/third sectors and in large or small organisations. These additional correlations highlight different attitudes and, hence, they reflect the culture within an organisation.

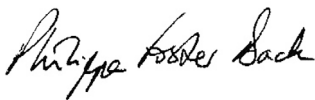
Culture is now widely recognised as an important factor in the health of an organisation, which is highlighted in the Summary and Conclusion of the report. Italian organisations would benefit from having an effective ethics programme, an environment where employees are supported to behave ethically and a carefully designed incentive scheme to encourage ethical behaviour. Organisations need to pay attention to these three areas in particular.

We are grateful to all those who have provided financial support for this survey – who are listed on the Authors and Acknowledgements page – and, in particular, our Gold Supporter Rolls-Royce and our Italian National Partner Confindustria Assoconsult in Milan. We look forward to Assoconsult's further analysis and insights on the data set beyond the initial analysis reported here.

I would like to thank ComRes for undertaking the survey for us, which is part of a 12-country survey in the IBE's 2018 *Ethics at Work* series. Results from other country surveys have been published and are available on the IBE website (www.ibe.org.uk).

Finally, I am very grateful to Guendalina Dondé, IBE's Head of Research, for her analysis and authorship, ably aided by Katja Somasundaram, Researcher.

We look forward to receiving your feedback and insight on these survey findings.



Philippa Foster Back CBE
Director
Institute of Business Ethics





National Partner's Comment*

Cultural stereotypes about national characteristics do not help much in reading the IBE's 2018 survey report on ethics at work. Contrary to some of these stereotypes, Italian employees seem more inflexible in viewing some common unethical practices in the workplace as unacceptable than their counterparts in other countries. An example of this is the practice of favouring family and friends when recruiting or awarding contracts, an example of nepotism typically ascribed to some Italian sub cultures.

Admittedly, the more inflexible attitude of Italian employees toward common malpractices can be correlated with an ugly previous experience of the effects of diffused corruption. And employees' unyielding attitudes could signal a desire to counteract such common malpractices. Nevertheless, one cannot avoid noting how Germans are much more likely to be dissatisfied with the ethical climate in the workplace than Italians, so much so that organisations in Germany ranked at the bottom of the list of the surveyed European countries for their view of the honesty of their organisation. This is probably a consequence of the illegal practice of lying about the environmental impacts of production in some core industries (remember the recent scandals in the automotive sector), which seems clearly correlated with the increasing consensus for the 'Grünen' in Germany.

Other than cultural stereotypes, some reference to socioeconomic and political variables featuring national contexts seems unavoidable if we are to understand the trends shown by the survey results considered here. Comparing answers to the same questions across the three surveys undertaken respectively in 2012, 2015 and 2018, it is apparent that a 'moral catastrophe' must have occurred during the year 2015 in Italy: all indicators fell dramatically compared to 2012, but they recovered in 2018, even if incompletely.

How can we interpret these highs and lows of Italian ethics at work? It is natural to relate them not so much to an abrupt double change in the ethical culture of Italian employees and business organisations, but rather to a major external shock occurring at that time: the global crisis that was born in the international financial system in 2008, but was then transferred into the real economies of Europe and exacerbated by the insistence on unpopular austerity policies. Policies aimed not so much at exiting from the crisis, but at taking this opportunity to administer a substantial dose of neoliberal reforms in some European countries.

In 2012, Italy was still in the initial phase of an apparently moralising political experiment of crisis management (austerity) carried out by a technical government led by a respected neoliberal economist. After three years, it was clear that the austerity programme – even if apparently effective in insuring financial markets against the possible insolvency of the state – was failing from both the points of view of efficiency (no growth and more debt) and fairness (more poverty and inequality).

“

It is apparent that a 'moral catastrophe' must have occurred during the year 2015 in Italy

.....”

Moreover, the 2015 survey took place in Italy in the middle of a labour market reform essentially aimed at facilitating layoffs, reducing the bargaining power of the workforce, but with no effect on true job creation in the long run. Understandably, people at work were pessimistic and expressed a gloomy view of ethics in the workplace.

After three years – mainly because of the improvement of the international economic cycle – Italy was slowly recovering from the crisis when a new, emergent, populist political movement won the political elections, promising to fight inequality and corruption. This may explain some of the improvement in Italians' optimism in 2018 compared to 2015. Such optimism probably would not be matched today, after a year's experience of a government based on the alliance of different populist parties where the right wing component imposes an agenda in which the fights against corruption and inequality are overridden by policies that are often in breach of migrants' human rights and aim to sharpen territorial inequalities among different Italian regions.

To more thoroughly understand the content of the respondents' views in the survey, we first have to consider that when they are asked about 'honesty' in the workplace, they are mostly focused on compliance with given legal or ethical standards rather than with a genuine judgment of workplace practices from a moral point of view. Moreover, when the employees' acceptance of common questionable practices in the workplace is investigated, they are essentially asked about illegal appropriation of company assets and a less serious lack of diligence in the use of working time (for example making personal telephone calls or personal use of computers for internet searches or sending emails). Respondents are not asked their opinion about the acceptability of the ongoing disproportionate inequalities between employee wages and executive remuneration (including share options), even though this time of crisis has occasioned much corporate restructuring and many job cuts. Hence, we don't learn much about employees' views on social justice in the workplace, which seems an essential component of the acceptance of questionable business practices.

Nonetheless, it is interesting to note that often employees, not just in Italy, tend to focus on small thefts (appropriation of equipment, exaggerating expenses, lying about illness, etc). Less emphasis is placed on practices that, for instance, allow employees to organise their working time autonomously – i.e. practices that may appear as limitations of the subordination duties to the company hierarchy.

By going into more depth in the enquiry into respondents' moral views, some differences became evident. For example, Italian employees express a less positive view about their company's standards of social responsibility toward external stakeholders. These differences decrease, but do not vanish, when they pass from awareness of dedicated policies to judgment about whether organisations live up to their social responsibility standards. We cannot avoid noting that 40% of Italian employees don't think that their organisation lives up to its stated policy of social responsibility. This implies that transactions with the company stakeholders are 'infected' with substantial violations of the standards of social responsibility that the companies themselves have adopted.

“

Italian employees express a less positive view about their company's standards of social responsibility toward external stakeholders

.....”

It should be noted that an explicit approach to stakeholder engagement is much more urgent for large organisations, which have wide discretionary powers in relation to their stakeholders. The Italian results, however, suggest that the social responsibility profile of SMEs is better than that of the relatively few large corporations and organisations operating in Italy. This can be interpreted ironically, in the sense that small entrepreneurs have much less discretion and fewer opportunities to violate their business obligations to clients, suppliers, creditors and the local community in which they operate. The results point to a low level of social responsibility (SR) in general and suggest that SMEs are better than large organisations. This means that the Italian companies where a stakeholder approach would be most needed, perform inadequately in terms of social responsibility.

Another interesting source of information is the employees' answers about their awareness of violations of legal or ethical standards in the workplace. Here reality comes to light: in Italy, as in Europe generally, the most commonly observed type of ethical or legal misconduct is the inappropriate (or unethical) treatment of workers. This issue is caused by lack of occupational safety and abusive behaviour (potentially by their bosses) and improper (not impartial) recruitment procedures. All these ethical violations in the workplace originate from those higher up the hierarchical structure of organisations, and this indicates that a problem of abuse of authority exists in workplaces.

This seems to be counterbalanced by a small, but nevertheless relevant, group of employees who misreport working hours (a typical example of moral hazard when information is asymmetric). In addition, those who are aware of these ethical violations become more lenient about the acceptability of unethical malpractices, such as pretending to be sick in order to take a day off. This develops into employees having a more pessimistic view about the levels of honesty and social responsibility within the organisation. Abuse of authority is thus perceived as a moral violation, but it also reduces the moral disposition of employees to behave honestly. To confirm that the exercise of authority in organisations is critical, the main reported source of pressure to compromise the organisation's ethical standards is time pressure. This is accompanied by pressure to follow the boss' orders. Hence, employees are saying that they are not given the time for ethical reflection because of the pressure exercised by their bosses.

Turning to the tools that support ethics at work, only 15% of Italians report the existence of a comprehensive ethics programme (including all its elements), compared to a European average of 19%. But there is also an Italian peculiarity in the diffusion of ethics management tools: while Italian employees are less aware of codes of ethics than the European average, channels for reporting misconduct, helplines for receiving advice and information, and training on ethical conduct seems to be more diffused than elsewhere. At the same time, despite a lower perception of organisations living up to their SR standards, more respondents say that matters of right and wrong are discussed in staff meetings.

“

In Italy, as in Europe generally, the most commonly observed type of ethical or legal misconduct is the inappropriate (or unethical) treatment of workers

.....”

So, is there a more dialogical and less formalistic approach to business ethics in Italian workplaces? I doubt that. Rather, I think that we see again the effect of a higher incidence of SMEs with respect to the European average. In Italy, public sector organisations and large corporations are more likely to have written standard of ethics.

In my opinion, the truth is that SMEs hardly tolerate written rules of behaviour that reduce discretion and flexibility while, at the same time, imposing standards of accountability. On the other hand, SMEs are much more responsive to social control and mutual trust in relationships, so that abuses of small scale power are punished by a reputational crisis that indirectly hinders them. This makes sense for organisations of no more than 10 employees, rather than in large organisations. However, the different approach of SMEs with respect to that of large corporations (more diffused in other countries) does not engender per se a more vibrant ethical attitude. Otherwise this would result comparatively from the Italian answers to the 'social responsibility' question – which does not happen – or from a lower recurrence of ethical violation – which also doesn't happen.

My opinion is that SR standards and the reduction of malpractices and pressure to compromise ethical standards would all be improved through a more substantial recourse to written ethical principles and rules of conduct, compatible with the size of the organisation. But, ultimately, this would depend on the quality, logical structure, content and process of deliberation of such codes of ethics – a point that, regrettably, the survey does not enquire about.

An interesting question is whether and when ethics programmes are truly effective. When employees, both in Italy and other countries, are aware that an ethics programme or a number of its components are in place, they also witness a high level of responsibility toward stakeholders, honesty and quality of ethics management, as well as a lower level of misconduct. Quite paradoxically, however, in organisations with a comprehensive ethics programme, a significant minority of managers are reported to reward employees who reach targets by violating the rules of conduct, while employees are more likely to be lenient about malpractices like inflating reimbursement statements or lying about their sick leave. Similar results are also observed for those who report that their organisation provides material incentives related to ethics and compliance. These results are general: in Italy, larger recourse to help lines, reporting channel or ethics training does not seem to make any difference.

How should we interpret these apparently contradictory facts? A formal ethics programme seems to be effective in some respects, but nevertheless it apparently crowds out intrinsic ethical attitudes and motivations. Thus, when control over certain misbehaviour is deemed difficult, or certain unethical practices are taken in consideration without making a mental account of their possible sanctions, ethics programmes seem to have paradoxical effects: employees and managers seem more prone to ethical malpractice or more likely to find it acceptable.

“

SR standards and the reduction of malpractices and pressure to compromise ethical standards would all be improved through a more substantial recourse to written ethical principles and rules of conduct

.....”

The crowding out effect, in fact, does not mean that improper conduct necessarily prevails.¹ Instead, it simply means that, in cases when incentives and controls are suspended, employees and managers are likely find themselves deprived of their intrinsic and spontaneous ethical motivation and attitude preventing such misbehaviours. The overall cost of malpractice prevention, and the risk that in some difficult cases (uncovered by positive/negative incentives) these malpractices are nevertheless committed, hence increase substantially.

To be clear, I don't mean to argue against formal ethics programmes in general, and I'm not suggesting that allowing more discretion and informality could help. What really counts is the structure, content and process of deliberation with regard to an organisation's ethical standards. Significant literature on behavioural ethics and experimental economics shows that allowing a group of subjects to reach an impartial and fair agreement on the terms of their co-operation – i.e. on the distribution of some co-operative outcome – would encourage individuals to behave in accordance with the agreement discussed, even when subjects may have some ex post incentives to a free ride on the other participants' compliance. If the ex ante agreement is reached 'under a veil of ignorance' – i.e. by allowing subjects to take an impartial and impersonal standpoint – what we observe ex post is that the subjects themselves develop mutual expectations of compliance and the preference to conform, even if material incentives would push them in the opposite direction (non-conformity).

Such an agreement in an organisation can be easily understood as a set of fair principles of co-operation in the mutual advantage of the participants, guaranteeing them an equitable treatment, even when a party is in a weaker position with respect to other stronger parties. What counts is the fairness of the terms of agreement and the deliberative approach: substantial symmetry of influence in the agreement process and the undertaking of an impartial standpoint according to which any participant takes it in turn to view any other participant's viewpoint. Thus participants are self-regulating in so far as they themselves set the principles of their mutual treatment.

Now consider the case of a company code of ethics. The agreement on principles and rules of conduct would represent a form of social contract among the essential stakeholders – employees, managers, and shareholders – and hence would elicit a preference for conformity with the code itself – i.e. intrinsic motivations that may supplant external controls, incentives and sanctions. This stresses the democracy of the process (in terms of deliberative democracy) but is not indifferent with respect to the contents of the code: how could an impartial agreement on mutual co-operation and reciprocal fair treatment of stakeholders contain only the employees' obligation to the firm, and their duty to respect the private ownership of assets?

“

*What really counts
is the structure,
content and process
of deliberation
with regard to an
organisation's ethical
standards*

.....”

¹ The crowding out theory, coined by Bruno Frey in 1997, describes the observation that providing extrinsic incentives for certain kinds of behaviour – such as promising monetary rewards for accomplishing some task – can sometimes undermine intrinsic motivation for performing that behaviour. The result of lowered motivation, in contrast with the predictions of neoclassical economics, can be an overall decrease in the total performance. As a reference for the experimental results quoted in the text please see Marco, Faillo; Stefania, Ottone; Lorenzo, Sacconi, *The social contract in the laboratory. An experimental analysis of self-enforcing impartial agreements*. in PUBLIC CHOICE, v. 163, n. 3-4 (2015), p. 225-246.

Therefore, ethics programmes, fitting the approach that enables spontaneous adhesion and voluntary compliance, must by necessity be consistent with the social contract view of the firm (or any productive organisation) in which the settlement of principles of social justice constitute the 'possibility conditions' for mutual co-operation and even for the survival of the organisation. Before prescribing rules of conduct to employees, this sort of ethics code would set out general and abstract principles of fair stakeholder treatment, which would constitute a set of fiduciary duties for the company management. Prophylactic rules of behaviour could then settle behavioural standards of reference that, when conformed, would support mutual expectation of adhesion and hence the desire to be just (i.e. the preference for conformity). Accountability with respect to such standards of behaviour would support, not depress, intrinsic motivation – i.e. would entail a 'crowding in' effect.

But, in order to know whether an ethics programme satisfies these requirements, one should know its structure, content and the deliberative process that leads to its approval, revision and implementation. Unless future research on ethics at work gives us information on these additional but essential aspects, our knowledge will be insufficient to understand the reasons of the apparent paradox that the 2018 IBE survey (very interestingly) points out.



Lorenzo Sacconi

Full Professor of Economic Policy
(Economic Ethics and Corporate Social Responsibility),
Department of Public and Supranational Law, University of Milan
lorenzo.sacconi@unimi.it
www.dirittopubblico.unimi.it/ecm/home

President of the Board of SIDE ISLE, The Italian Society of Law & Economics
and Director of EconomEtica, inter-university center of research
University Milano Bicocca
www.econometica.it

Confindustria Assoconsult

Confindustria Assoconsult is the Italian association for management consultancy firms. Members share the same ethics, values, as well as innovative views on the world of consultancy. Together they take part in initiatives, working groups, research and events for the management consultancy sector, constantly improving their knowledge and skills in an ever-evolving marketplace. The *Observatory on Management Consulting* is published annually and provides data on sector trends.

For more information, see: www.assoconsult.org

* *The views expressed in this foreword are those of the author mentioned above. They do not necessarily reflect the views of the Institute of Business Ethics (IBE), research partner ComRes or Confindustria Assoconsult.*

Key Findings from Italy

Culture

In your organisation's daily operations, how often would you say honesty is practised?



Always/frequently	76%
Occasionally	16%
Rarely/never	7%
Don't know	1%

Speaking up

46% of employees in Italy who have been aware of misconduct at work decided not to speak up. The main reasons are...

1. I felt I might jeopardise my job **31%**
2. I did not believe that corrective action would be taken **27%**
3. I thought that they already knew about it **20%**



Behaviour

29% of Italian employees have been aware of misconduct at work. The most common types of misconduct they noticed are...



People treated inappropriately/unethically	45%
Misreporting hours worked	39%
Safety violations	34%

17% of Italian employees have felt pressured to compromise ethical standards. The main pressures are...

1. Time pressure **34%**
2. I was following my boss's orders **32%**
3. I had to meet unrealistic objectives and deadlines **19%**

Ethics programme

Employees in Italy (**44%**) are considerably more likely to be aware of their organisation having a means of reporting misconduct confidentially compared to 2015 (**35%**).



My organisation...

- Has written standards of ethical business conduct that provide guidelines for my job **50%**
- Provides employees with a means of reporting misconduct confidentially **44%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **23%**
- Provides training on standards of ethical conduct **43%**

Introduction to the Research

What are employees' attitudes to and perceptions of ethics in their place of work? Do they feel able to speak up if they have been aware of misconduct? Are formal ethics programmes effective in embedding ethical values into organisational culture and influencing behaviour? What are the challenges for organisations and what should be the focus going forward?

The Institute of Business Ethics (IBE) has asked similar questions of the British workforce every three years since 2005. In 2012, we extended the survey to four additional major European markets: France, Germany, Italy and Spain.

The *Ethics at Work: 2018 survey of employees* illustrates the latest evolution and trends in employees' perceptions of ethics in the workplace. Given that organisations are increasingly taking an integrated approach to business ethics at the international level, in 2018 the number of countries included in the research has been expanded to cover France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand.

This survey report presents results from the IBE's 2018 research into ethics at work in Italy. Data was collected online by independent research consultancy ComRes on behalf of the IBE and Confindustria Assoconsult in February 2018.

Please see *Ethics at Work: 2018 survey of employees – Europe* for further detail and background information as well as comparisons with the other European countries surveyed. *Ethics at Work* reports for all of the countries surveyed are available to download free of charge from the IBE website.²

The aims of the IBE *Ethics at Work: 2018 survey of employees – Italy* were as follows:

- To **develop** an understanding of employees' attitudes to and perceptions of ethics in the workplace in Italy in 2018
- To **identify** trends and developments through comparisons with data from the IBE's previous *Ethics at Work* surveys
- To **compare** how business ethics is viewed and understood by employees in different countries.

This report details survey findings from a nationally representative sample of 768 employees in Italy. The research methodology and respondent profile are presented in Appendix 1. The interview questionnaire (see Appendix 2) consists of 14 questions.

“.....
The IBE has asked similar questions of the Italian workforce every three years since 2012
.....

² www.ibe.org.uk/research-and-publications

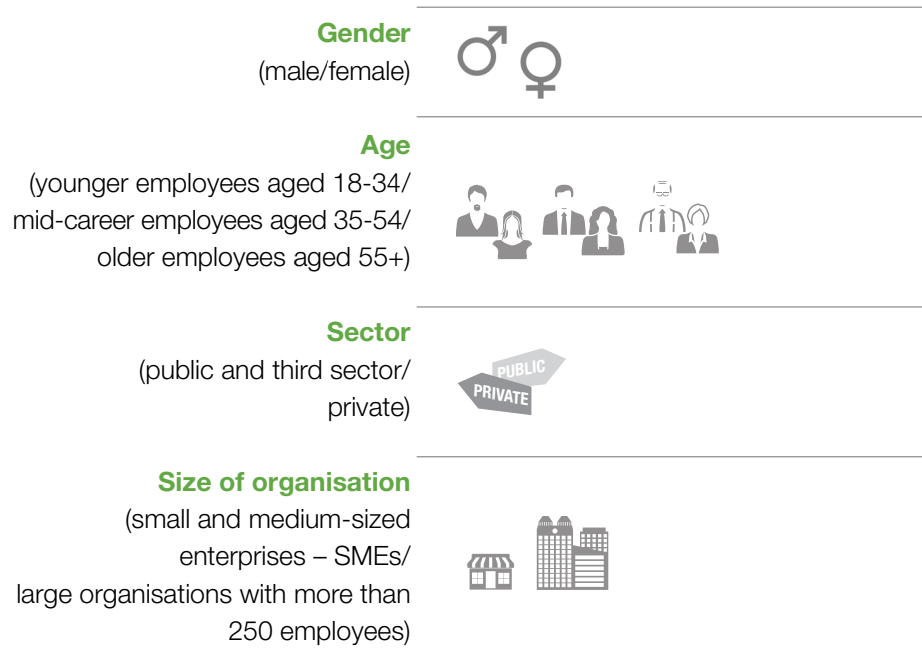
The report is structured in two chapters:

Chapter 1 highlights three key themes that emerged from the research and that define employees' views on ethics at work in 2018. These relate to assessing the ethical culture of an organisation, identifying ethical risks and supporting ethical standards.

Chapter 2 focuses on two specific issues that have a major impact on the culture of an organisation: the ability of employees to voice their ethics-related concerns and the role of line managers in promoting ethics in the workplace.

Four different subgroups of the employee population have been analysed to see if there are any differences in their experience of ethics in the workplace.

These are:



The seniority of respondents has been used to analyse how attitudes to ethics at work change between managers and non-managers, as illustrated in Chapter 2.

To put the Italian results in context, throughout this report they are compared to the average data from all of the eight European countries surveyed in 2018, including Italy. The averages throughout the report reflect the percentage of all 6,119 respondents in France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK after each country's data was weighted to reflect the workforce by gender, age and region. Due to the difference in the methodology used in the UK and the number of countries surveyed, the European average is only shown for 2018.



Survey Themes

Taking the ‘ethical temperature’ of an organisation is not an easy task. ‘One-size-fits-all’ approaches rarely work when it comes to understanding people’s behaviour and it is difficult to represent concepts such as honesty, integrity and fairness with numbers.

The IBE’s survey approaches this task by looking at three critical dimensions that responsible organisations need to take into account to ensure that their ethical values are effectively embedded in practice.

- Theme 1: **Assessing the ethical culture**
- Theme 2: **Identifying ethical risks**
- Theme 3: **Supporting ethics at work**

Theme 1: Assessing the ethical culture

The IBE’s experience shows that assessing ethical culture is essential to understanding the role that ethics plays in the organisation and how deeply the core values are rooted in the day-to-day decision-making process.

The results presented in this section illustrate the views of Italian employees on some indicators of corporate culture.

What is acceptable?

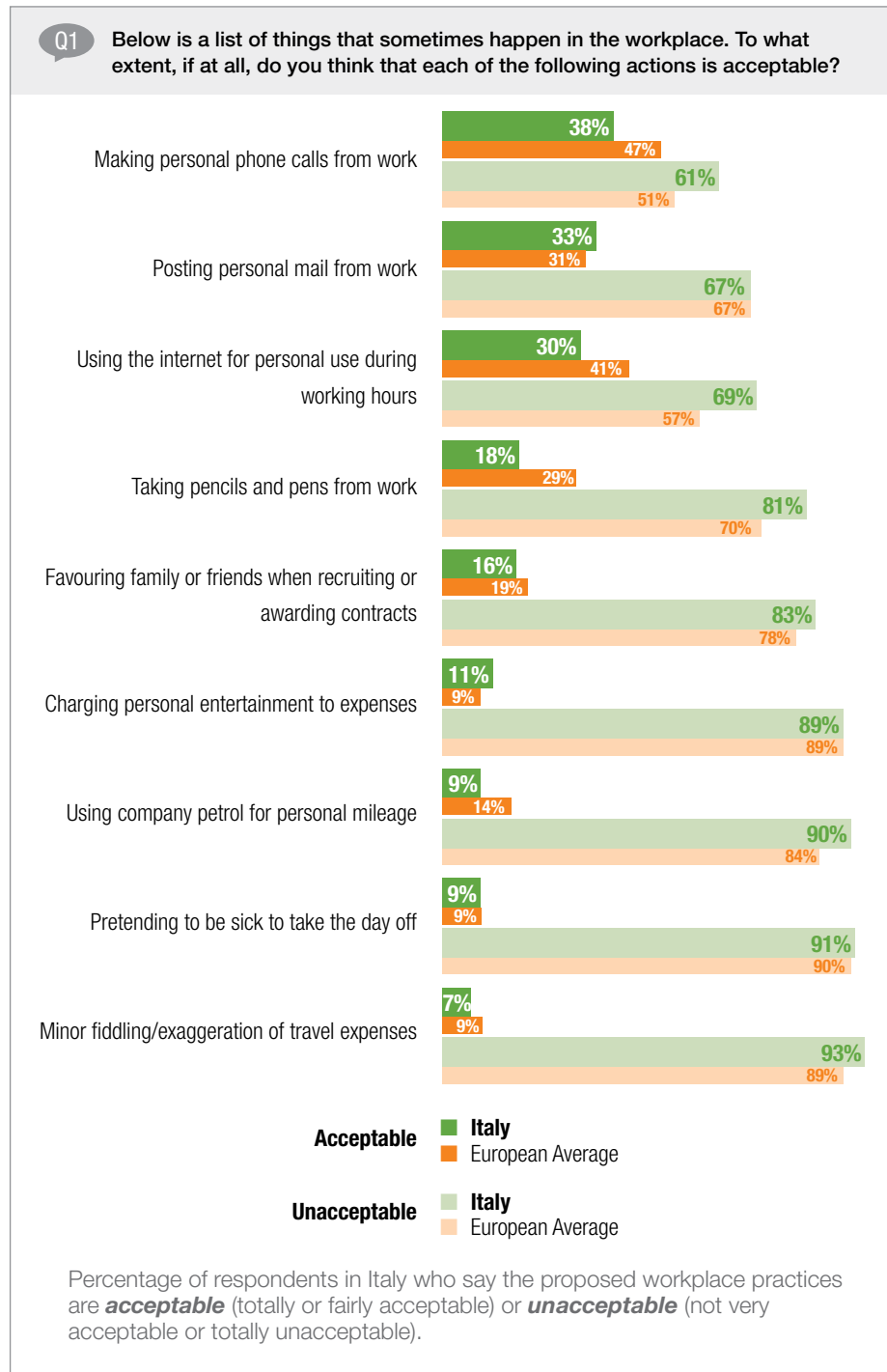
Are employees able to identify ethical issues relating to everyday choices that they might have to face in the workplace? To what extent do they apply ethical values to their decision-making?

To answer these questions, respondents to this survey were presented with nine common work-related scenarios and were asked whether or not they considered them acceptable.

Figure 1 shows that minor fiddling/exaggeration of travel expenses, pretending to be sick to take the day off and using company petrol for personal mileage are the most likely of the workplace practices tested to be considered unacceptable.

Although some of these issues may seem trivial, these answers are important indicators of what kinds of behaviour are considered acceptable in the workplace, and where employees’ ethical boundaries lie. Employees either ignoring or being unable to identify the ethical dimensions of a specific situation will increase the ethics risk for organisations.

Figure 1 Acceptability of common workplace practices



Younger employees

aged 18-34 are more likely than other age groups to find each of the practices acceptable. For instance, 25% find it acceptable to favour family or friends when recruiting or awarding contracts, compared to 15% of mid-career employees aged 35-54 and 11% of older employees aged 55+.



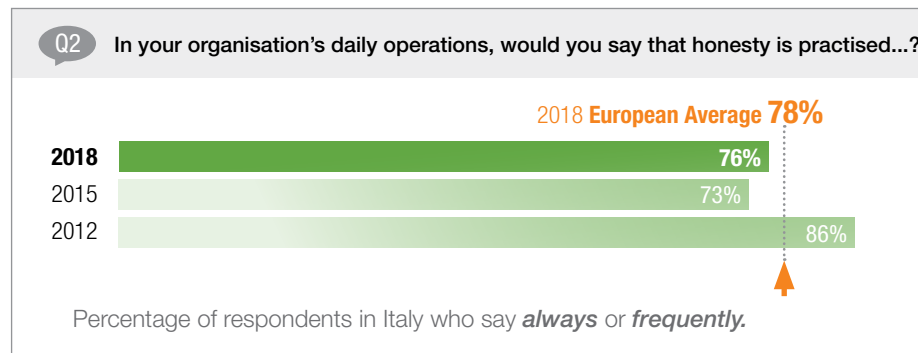
Employees in **SMEs** are more likely to find most of the practices acceptable than employees working in large organisations. In particular, 20% of employees in SMEs think it is acceptable to favour family or friends when recruiting or awarding contracts, compared to 8% of employees in large organisations.

Is honesty applied in practice?

Another important issue to understand in order to assess the workplace culture is how employees perceive their organisation's commitment to ethical values, and the degree to which this is effectively embedded in practice. This can be seen through employees' views of the behaviour of their colleagues and managers.

While the ethical values that organisations adopt are varied, anecdotal evidence gathered by the IBE suggests that honesty is one of the most frequently mentioned value-words in business. Figure 2 presents the percentages of Italian employees who think honesty is practised always or frequently in their organisation's daily operations, compared with the European average. Results show that Italian employees are slightly less likely to think that honesty is practised always or frequently than the European average.

Figure 2 Employees' views of how frequently honesty is practised



Older employees

aged 55+ are more likely to say that honesty is practised always or frequently (83%) than mid-career employees aged 35-54 (75%) and younger employees aged 18-34 (71%).

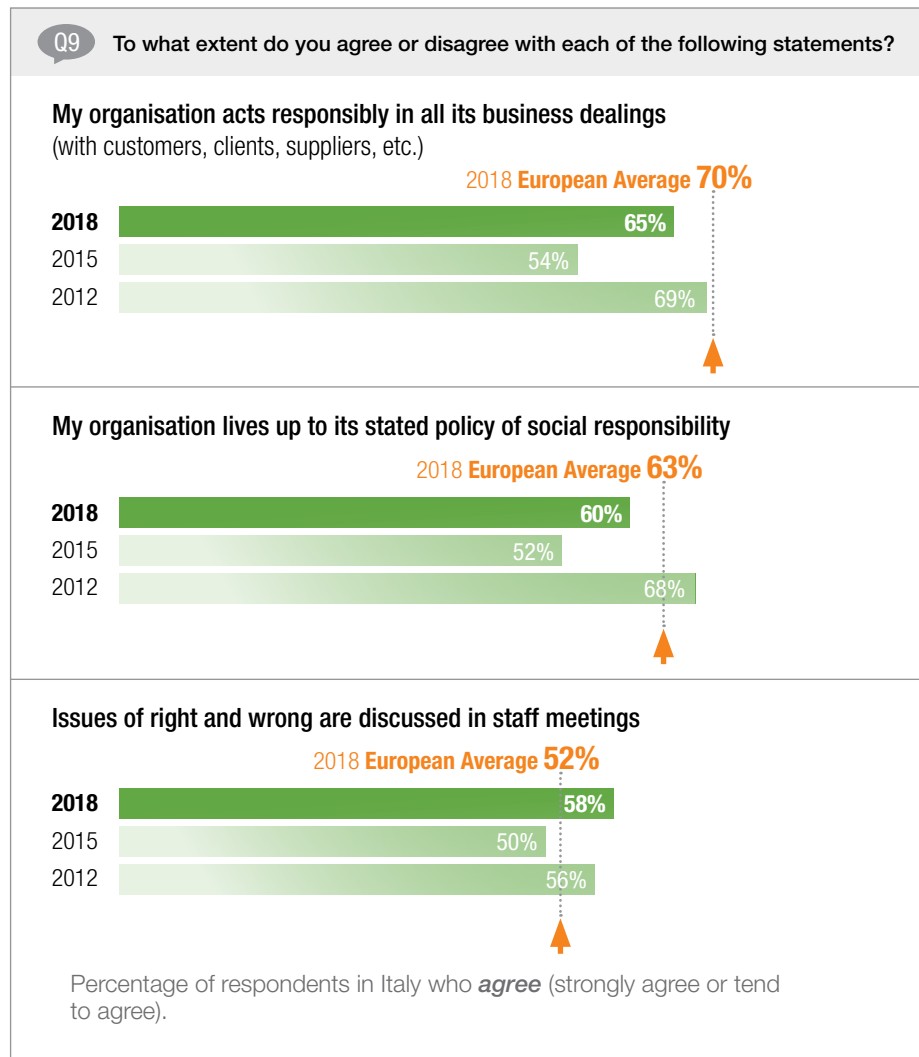
How are stakeholders treated?

To understand employees' perceptions of their organisation's engagement with stakeholders, respondents were asked to comment on whether they believe that their organisation acts responsibly in all its business dealings with key stakeholder groups such as customers, clients, suppliers, etc. Respondents were also asked more specific questions relating to internal and external stakeholders: whether their organisation lives up to its stated policy of social responsibility and whether issues of right and wrong are discussed in staff meetings.

Results from 2018 show that employees in Italy are less likely to have a positive view of their organisation's engagement with stakeholders. An average of 70% of European employees think that their organisation acts responsibly in all its business dealings, compared to only 65% Italian employees. However, it is encouraging to see that the number of Italian employees who say that their organisation acts responsibly in all its business dealings has increased from 54% in 2015 to 65% in 2018.

On average, Italian employees are somewhat more likely to say that issues of right and wrong are discussed in staff meetings than the European average (58% vs 52%).

Figure 3 Perceptions of engagement with internal and external stakeholders



Theme 2: Identifying ethical risks

This survey focuses on two measures that indicate an increased risk of ethical lapses and unethical behaviour: employees’ awareness of misconduct in the workplace and potential pressure on employees to compromise their organisation’s ethical standards.

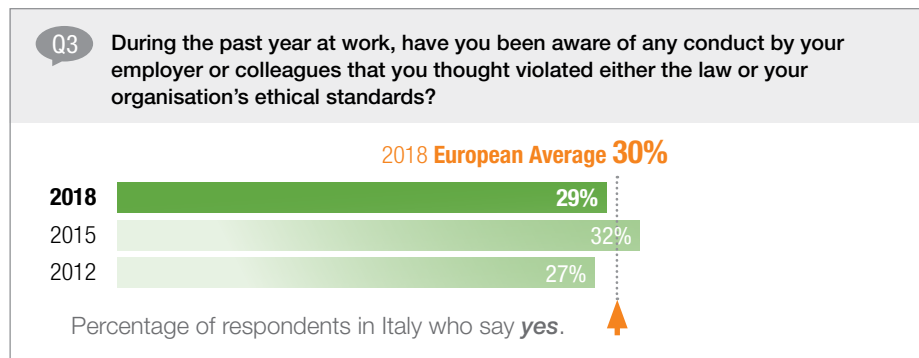
How common is unethical behaviour?

Respondents were asked to state whether, during the past year at work, they have been aware of any misconduct – i.e. any conduct by their employer or colleagues that they thought violated either the law or their organisation’s ethical standards. Figure 4 illustrates the results.

In 2018, almost one in three employees in Italy (29%) say they have been aware of misconduct during the past year at work, which is in line with the European average (30%).

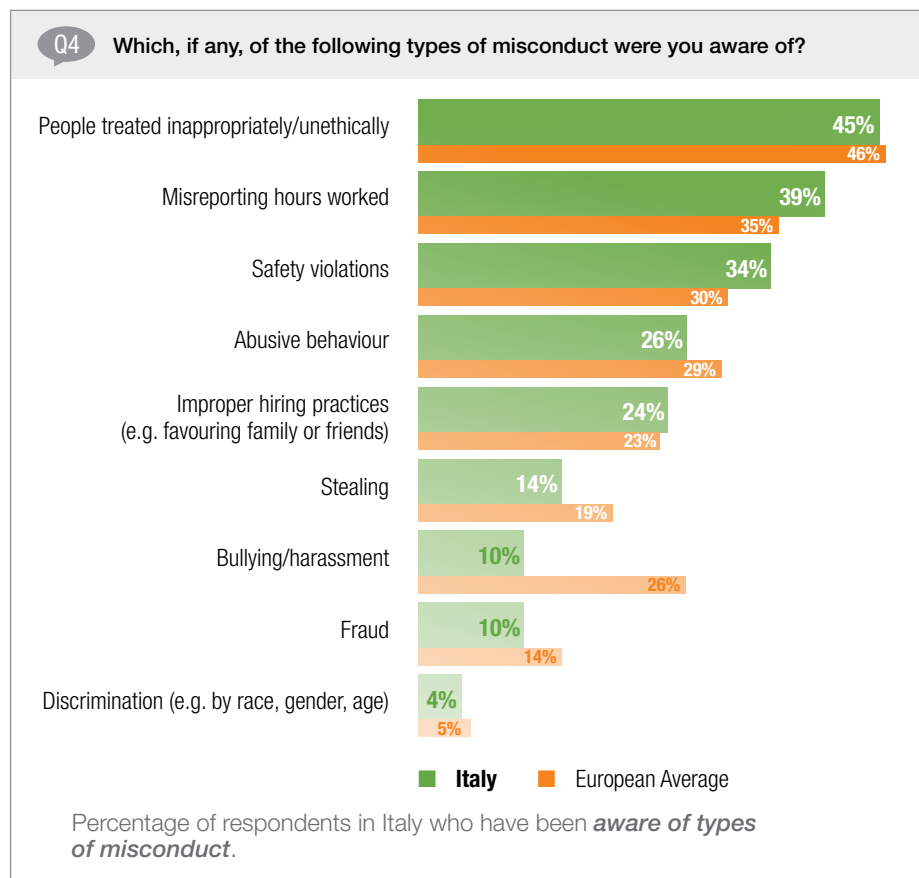
“.....
29% of employees in Italy say they have been aware of misconduct during the past year at work
.....”

Figure 4 Awareness of ethical violations over time



Those respondents who have been aware of misconduct were then asked to specify the types of misconduct they had encountered, as illustrated in Figure 5. People treated inappropriately/unethically is the most frequent type of misconduct mentioned (45%), followed by misreporting hours worked (39%) and safety violations (34%). It is worth noting that those employees who have been aware of misconduct in Italy seem to be considerably less likely than the European average to be aware of bullying/harassment (10% of those aware of misconduct vs 26% in the same position across Europe).

Figure 5 Types of misconduct of which employees were aware



Employees working in **large organisations** who have been aware of misconduct are more likely than employees in SMEs in a similar position to have noticed people being treated inappropriately/unethically (56% vs 39%) and bullying/harassment (19% vs 6%).

Focus on...

Implications of being aware of misconduct

This survey shows that, in Italy, employees who have been aware of legal or ethical violations during the past year at work are more likely to have:

! **Lenient attitudes to some questionable workplace practices.**

Employees who have been aware of misconduct at work are more likely to find certain ethically questionable workplace practices acceptable. For instance, 14% say that pretending to be sick to take the day off is acceptable, compared to 7% of those who have not been aware of misconduct.

! **A negative perception of how frequently honesty is practised at work.** Employees who have been aware of misconduct at work are more likely to say that honesty is rarely or never practised in their organisation's daily operations (12%) than employees who have not been aware of misconduct (3%).

! **A negative outlook on how the organisation engages with its stakeholders.** Half of employees who have been aware of misconduct at work (50%) say that their organisation acts responsibly in all its business dealings, in comparison with more than three quarters of employees who have not been aware of misconduct (76%).

! **Felt pressured to compromise ethics.** More than a third of employees (36%) who have been aware of misconduct at work have felt pressured to compromise their organisation's ethical standards, compared to 8% of employees who have not been aware of misconduct.

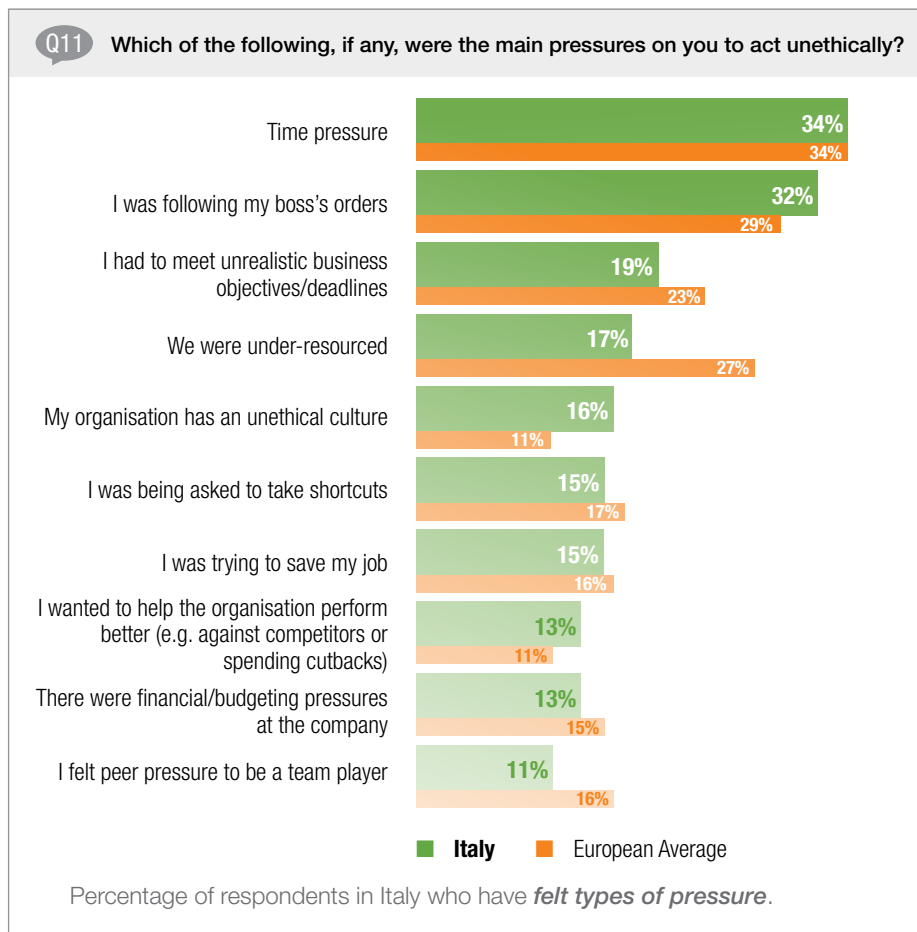
! **A negative perception of the ability of managers to promote ethics.** Only half (51%) of employees who have been aware of misconduct at work say that their line manager sets a good example of ethical business behaviour, compared to three quarters (74%) of employees who have not been aware of misconduct.

Are employees pressured to compromise ethics?

Almost one in five (17%) Italian employees say that they have felt pressured to compromise their current organisation's standards of ethical conduct. This is similar to the European average (16%). The percentage of employees in Italy who have felt pressure to compromise ethics has increased slightly from 15% in 2015.

“
17% of Italian employees say they have felt some form of pressure to compromise their current organisation's standards of ethical conduct
.....

Figure 6 Types of pressure to compromise ethical standards



“
 Employees are most likely to have felt pressured to compromise ethics because of time pressure or following their boss's orders
 ”

Focus on...

Implications of pressures to compromise ethical standards

This survey shows that employees in Italy who have felt pressured to compromise their current organisation's standards of ethical conduct are more likely to have:

- ! Lenient attitudes to some questionable workplace practices.** Employees who have felt pressured to compromise ethics are more likely to find most of the questionable workplace practices acceptable. For instance, 21% of employees who have felt pressured say that charging personal entertainment to expenses is acceptable, compared to 9% of respondents who have not felt pressured.
- ! A negative perception of how frequently honesty is practised at work.** Respondents who have been aware of misconduct at work are more likely to say that honesty is rarely or never practised than employees who have not felt pressured (14% vs 6%).

continues >

Focus on... *continued*

! A negative outlook on how the organisation engages with its stakeholders. Employees who have felt pressured to compromise ethics are more likely to disagree that their organisation acts responsibly in all its business dealings (51%), in comparison with employees who have not felt pressured (70%).

! Been aware of misconduct at work. 63% of employees who have felt pressured to compromise ethics say they have been aware of instances of misconduct during the past year at work, in comparison with 21% of those who have not felt pressured.

! A negative perception of the ability of managers to promote ethics. Respondents who have felt pressured to compromise ethics are less likely to say that their line manager sets a good example of ethical business behaviour (54%) than those who have not felt pressured (68%).

Theme 3: Supporting ethics at work

The third theme covered in this chapter focuses on the tools that organisations put in place to promote and support ethics at work.

What percentage of organisations provide an ethics programme?

Respondents were asked whether their organisation offers the following building blocks of a formal ethics programme:

- A code of ethics or similar document (written standards of ethical business conduct that provide guidelines for my job)
- A 'Speak Up line' to report misconduct (a means of reporting misconduct confidentially, without giving my name or other information that could easily identify me)
- An 'Advice line' to ask for advice or information (advice or an information helpline where I can get advice about behaving ethically at work)
- Ethics training (training on standards of ethical conduct).

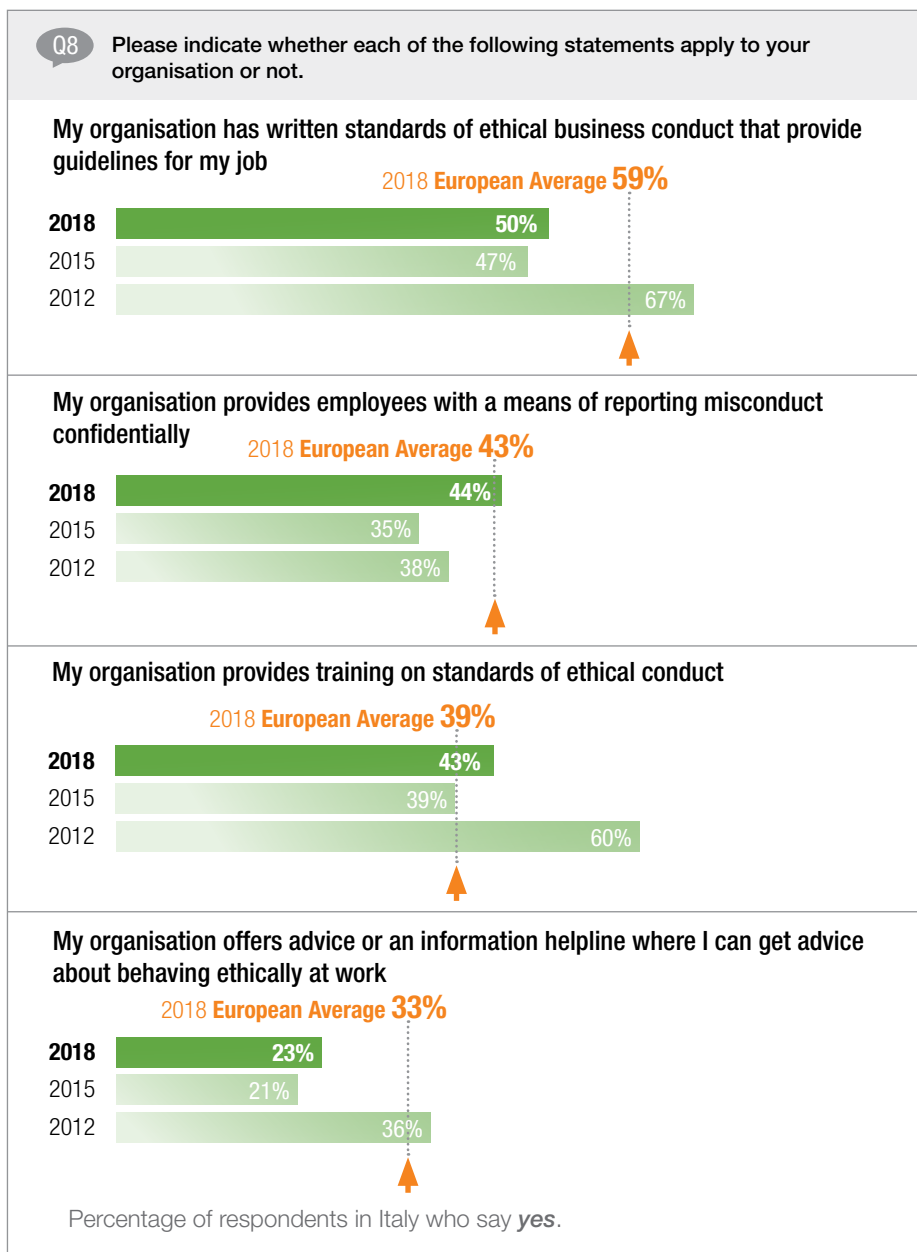
In Italy, only 14% of employees say that their organisation provides all four building blocks (compared to a European average of 19%), while 23% say it offers none (compared to a European average of 21%). As Figure 7 illustrates, employees in Italy are less likely than the European average to be aware of their organisation providing a code of ethics or a similar document or offering ethics advice or an information helpline. Italian employees are more likely than the European average to say that their organisation provides training on standards of ethical conduct.

“

Italian employees are less likely than the European average to be aware of their organisation providing written standards of ethical business conduct

.....”

Figure 7 Employee awareness of the building blocks of a formal ethics programme



Men are more likely to be aware of each of the four building blocks than women. For instance, 46% of men say that their organisation provides ethics training compared to 38% of women.



Employees in the **public/third sector** are more likely to say that their organisation has written standards of ethical business conduct than employees in the private sector (58% vs 47%).



Employees in **large organisations** are more likely to be aware of each of the building blocks of an ethics programme than employees in SMEs. For example, 72% of employees in large organisations say that their organisation has written standards of ethical business conduct, compared to only 43% of employees who work in SMEs.

Focus on...

The impact of providing formal support for ethics in the workplace

This survey shows that employees in Italy whose organisations have a comprehensive ethics programme (all four building blocks) are more likely than those whose employers do not have an ethics programme (none of the building blocks) to have:

- ✔ **A positive perception of how frequently honesty is practised at work.** 85% of employees whose organisation has a comprehensive ethics programme say that honesty is practised always or frequently in their organisation's daily operations, in comparison with 66% of employees in organisations without an ethics programme.

continues >

Focus on... *continued*

✓ A positive outlook on how the organisation engages with its stakeholders. Respondents whose organisation provides a comprehensive ethics programme are more likely to have a positive outlook on how their organisation engages with stakeholders. For example, 88% say that their organisation lives up to its stated policy of social responsibility, in comparison with only 37% in organisations with no ethics programme.

⚠ A positive perception of the ability of managers to promote ethics but also to think that managers reward employees for good results, even if they use questionable practices. Employees whose organisation provides a comprehensive ethics programme are more likely to agree with statements indicating that their manager promotes ethical behaviour at work. For example, 83% agree that their line manager explains the importance of honesty and ethics at work, compared to only 37% of employees in organisations without an ethics programme.

However, 53% of employees in organisations with a comprehensive ethics programme say that their line manager rewards those who get good results, even if they use practices that are ethically questionable, as opposed to only 21% of employees in organisations without an ethics programme.

! Lenient attitudes to some questionable workplace practices. Employees in organisations that provide a comprehensive ethics programme are more likely to find certain questionable workplace practices acceptable than those in organisations without an ethics programme. For example, 15% find charging personal entertainment to expenses acceptable (compared to 7% in organisations without an ethics programme) and 13% say it is acceptable to pretend to be sick to take the day off (compared to 5% in organisations with no ethics programme).

These somewhat counterintuitive findings suggest that organisations need to focus on how their ethics programmes are designed and communicated. Excessive attention to a specific set of rules and taking a 'tick box' approach to ethics might impair an employee's ability to use their own judgement when faced with an ethical dilemma. This is particularly the case when the dilemma relates to a situation that is not covered in the code, as employees might think that everything that is not explicitly forbidden in the code is acceptable.

How do employers incentivise ethical behaviour?

Respondents were asked whether their organisation provides incentives to encourage employees to live up to its ethical standards. Italian employees are less likely than the European average to say that their organisation provides these kind of incentives (16% vs 23%).

“

Just 16% of Italian respondents say their organisation provides incentives to employees to encourage them to live up to their organisation's ethical standards

.....”

Respondents who indicated that their organisation does offer incentives to encourage ethical behaviour were also asked for additional information regarding the types of incentive offered. Over two fifths (44%) of Italian employees whose organisation offers incentives say that ethics is part of their annual appraisal/ review. This is similar to the European average of 45%. Other common incentives that were tested are taking ethical considerations into account in assessing bonus payments (32% compared to a European average of 29%) and public commendation (22% compared to a European average of 25%).

Focus on...

The impact of providing incentives to encourage ethical behaviour

This survey shows that although incentives to encourage ethical behaviour can potentially have a positive impact on employees' perceptions of ethics at work, in some cases there may be a gap between the objective that an organisation is trying to achieve through its incentive scheme and the practical impact of the incentives offered to employees. Employees in Italy who are aware of their organisation providing incentives are more likely to have:

- ✓ **A positive perception of how frequently honesty is practised at work.** 85% of respondents in organisations that provide incentives say that honesty is practised always or frequently in their organisation's daily operations, compared to 73% of those in organisations without incentives.
- ✓ **A positive outlook on how the organisation engages with its stakeholders.** Employees in organisations that provide incentives are significantly more likely to agree with each of the statements relating to stakeholder engagement than those without such incentives. For example, 81% say that their organisation lives up to its stated policy of social responsibility, in comparison with 56% of employees in organisations with no incentives.
- ✓ **Spoken up about misconduct.** 71% of employees who have been aware of misconduct during the past year at work and whose organisation provides incentives say that they raised their concerns, in comparison with just 46% of respondents in a similar position in organisations without incentives.
- ! **Lenient attitudes to some questionable workplace practices.** Employees in organisations that provide incentives are more likely to think that five of the nine questionable workplace practices identified in Figure 1 are acceptable. This rather counterintuitive evidence suggests that it is important for organisations to monitor the practical impact of the incentives provided.

continues >

**Focus on...** *continued*

For example, 25% of employees in organisations that provide incentives say that charging personal entertainment to expenses is acceptable, compared to 8% of those in organisations without incentives. Similarly, 27% of employees in organisations that provide incentives find it acceptable to favour family or friends when recruiting or awarding contracts, compared to 15% of employees in organisations with no incentives.

! Felt pressured to compromise ethics. 26% of respondents in organisations that provide incentives have felt pressured to compromise their organisation's ethical standards, compared to only 16% of respondents in organisations without incentives.

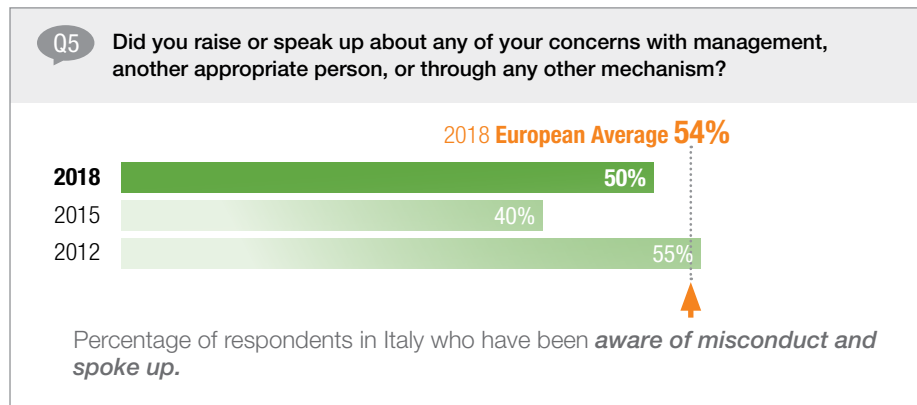
Spotlight Issues

Issue 1: Speaking up

The freedom to raise concerns is a core component of a supportive ethical business culture, where employees are confident they will be supported to do the right thing.

The 29% of respondents in Italy who have been aware of misconduct during the past year at work were asked whether they raised – or decided to speak up about – any of their concerns internally, directly to management or using any of the mechanisms available in their organisation. Half of Italian employees (50%) who have been aware of misconduct spoke up, compared to a European average of 54%. This represents an increase compared to 2015, when only 40% of Italian employees who had been aware of misconduct spoke up.

Figure 8 Employees raising concerns about misconduct



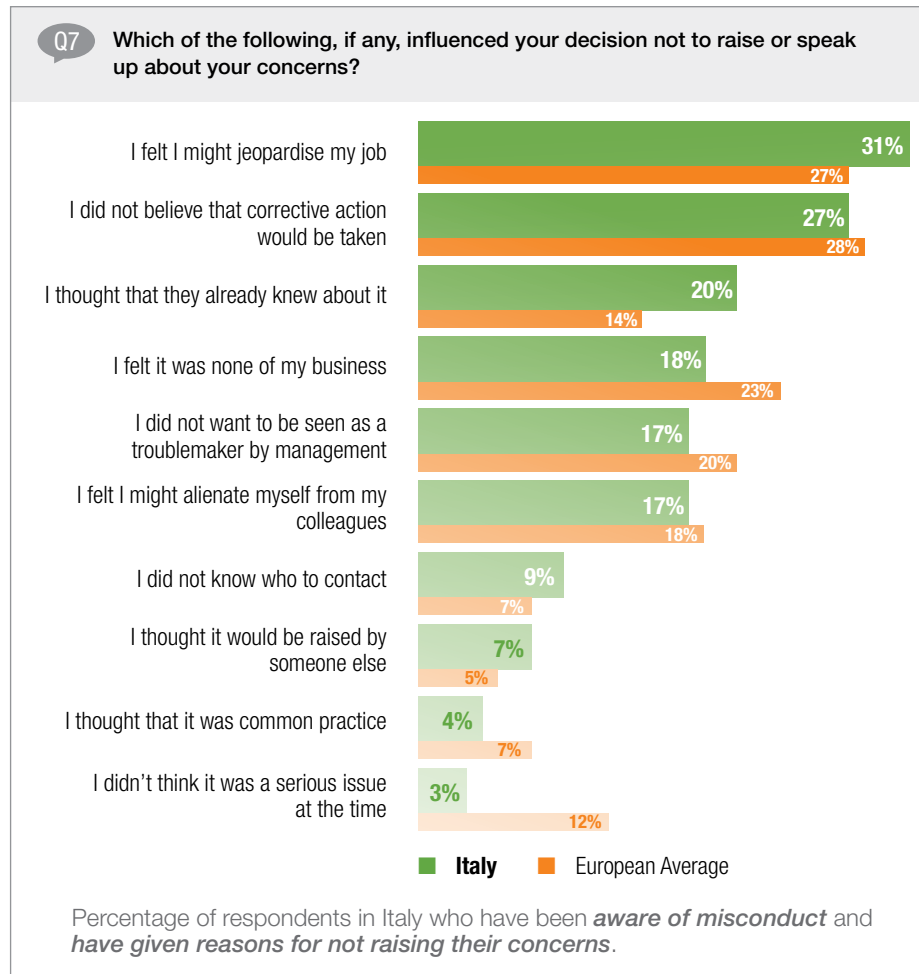
The 46% of respondents who have been aware of legal or ethical misconduct in the last year but did not raise their concerns were asked an additional question to assess what they considered to be the barriers to speaking up (see Figure 9). The three most common reasons given for not raising concerns remain in line with 2015 results. These are that employees felt they might jeopardise their job (31% vs 26% in 2015); did not believe that corrective action would be taken (27% vs 35% in 2015) and thought their organisation already knew about it (20% vs 19% in 2015).

It is clear that employees are concerned about the impact of speaking up and, in particular, whether their situation would improve as a result of doing so. Reporting concerns can require courage, particularly in an unsupportive environment. Employees won't take the risk if they believe that nothing will be done about it.

To understand whether employees' concerns are justified, respondents who have been aware of misconduct and raised their concerns were asked whether they were satisfied with the outcome of doing so. Half (51%) of Italian respondents who have been aware of misconduct report that they are satisfied with their organisation's response to them speaking up, which is the same as the European average.

“
51% of Italian respondents who have been aware of misconduct and raised their concerns report that they are satisfied with their organisation's response to them speaking up
.....”

Figure 9 Reasons why employees did not raise concerns about misconduct



Another important indicator that shows whether employees think their organisation is taking ethical misconduct seriously is the action taken against employees who violate the organisation’s ethical standards. Many organisations highlight the consequences of violations of ethical standards in their code of ethics. However, far fewer organisations publish data externally on ethical breaches and disciplinary actions including dismissals.

Separate research conducted in the UK by the IBE in 2017 shows that only 16 FTSE 100 companies include this type of information in their sustainability or corporate responsibility report. Three of these 16 companies stated that no material breaches of the code of conduct were reported during the previous year, which might raise questions about the ability of organisations to recognise breaches and act on them.

Three fifths (60%) of employees in Italy believe that their organisation disciplines employees who violate their organisation’s ethical standards. This result is higher than the European average (53%).

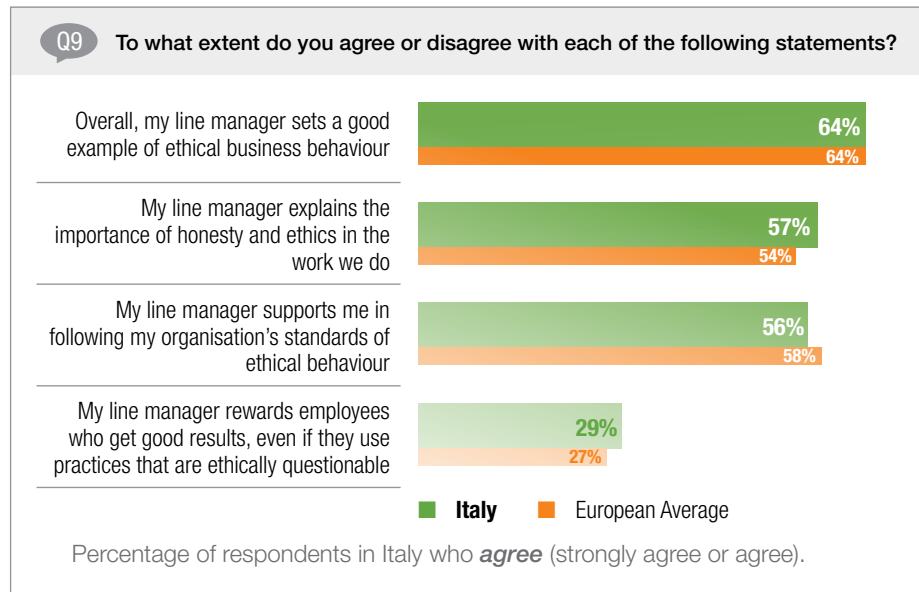
“
60% of employees in Italy believe that their organisation disciplines employees who violate their organisation’s ethical standards
.....”

Issue 2: Ethical management

This survey analyses the attitudes of managers to business ethics through two different lenses: managers' first-hand views and the perceptions that employees have of their managers.

The survey uses four indicators to gauge employee perception of their managers' attitudes towards ethics, as shown in Figure 10.

Figure 10 Perception of management behaviour



Older employees aged 55+ are more likely to say that their line manager explains the importance of honesty and ethics in the work they do than younger employees aged 18-34 (63% vs 52%).

Overall, respondents in Italy are positive about the behaviour of their line manager and the Italian results are similar to the European average. However, it is concerning that 29% of Italian employees say that their line manager rewards employees who get good results, even if they use practices that are ethically questionable. In other words, when decisions about rewards and recognition are involved, their line manager prioritises 'what' is achieved over 'how' it is done.

Focus on...

The impact of providing a work environment that is regarded as supportive to ethics³

This survey shows that employees in Italy who work in organisations with an environment that is perceived as supportive to ethics are more likely to have:

✓ A positive perception of how frequently honesty is practised at work. Employees in the most supportive organisations are more likely to say that honesty is practised always or frequently in their organisation's daily operations (91%) than those in unsupportive organisations (47%).

continues >

³ The supportiveness of the organisation is defined by how many statements employees agree or tend to agree with at Q9 (see Appendix 2). This excludes the statement on the line manager rewarding employees who get good results despite using ethically questionable practices, as this is framed in the negative. The most supportive organisations agree or tend to agree with all of the statements and unsupportive organisations are those in which respondents disagree or tend to disagree with three or more of the statements.

Focus on... *continued*



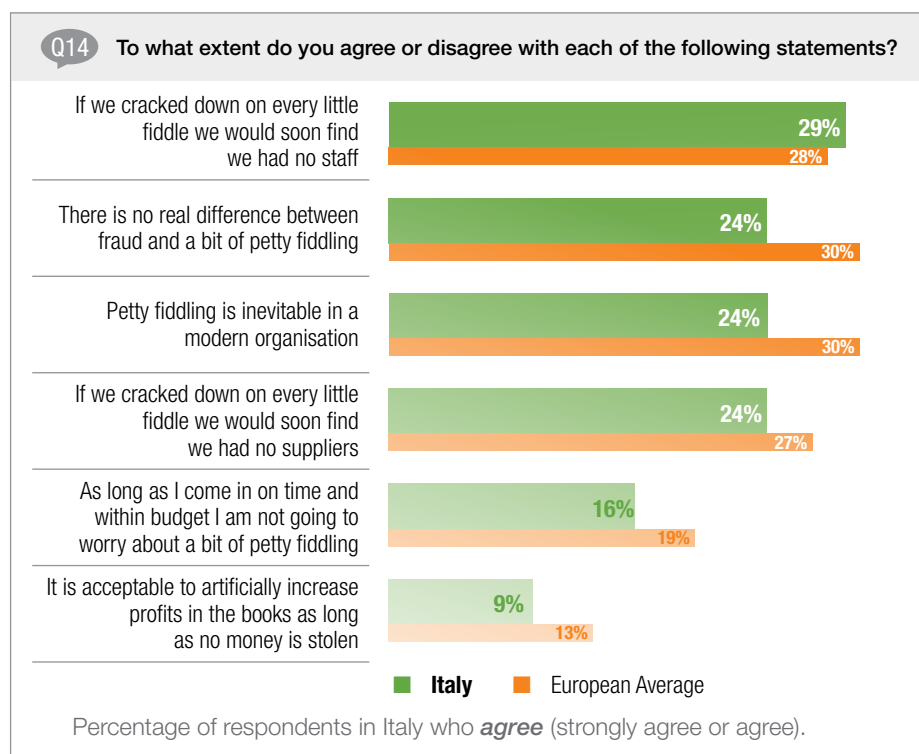
- ✓ **Not been aware of misconduct at work.** Employees in the most supportive organisations are less likely to say that they have been aware of misconduct during the past year at work (17%) than employees in unsupportive organisations (61%).
- ✓ **Not felt pressured to compromise ethics.** Employees in the most supportive organisations are more likely to say that they have not felt pressured to compromise their organisation’s ethical standards (85%) than employees in unsupportive organisations (55%).
- ✓ **Spoken up about misconduct at work.** Employees in unsupportive organisations are more likely to not have spoken up about their concerns (56%) than those in the same position in the most supportive organisations (28%).

What are managers’ views of ethics at work?

In order to set a good example of ethical behaviour and support employees in living up to their organisation’s ethical standards, it is important that people in a managerial position understand their responsibilities in leading by example on the application of ethical values to the day-to-day tasks in the workplace.

To understand this, the 29% of respondents in Italy who identified themselves as managers were asked to give their opinion on a series of statements that describe examples of ‘petty fiddling’ that can occur in an organisation. An example of petty fiddling is an employee charging their company for small items such as a taxi ride when they used public transport instead.

Figure 11 Managers’ attitudes to petty fiddling



Younger managers

aged 18-34 are more likely than older managers aged 55+ to say that it is acceptable to artificially increase the profits in the books as long as no money is stolen (20% vs 5%).



Managers in the **public/third sector** are more likely to have lenient attitudes to some of the statements on petty fiddling than managers in the private sector. For instance, 44% say that if they cracked down on every little fiddle they would soon find they had no staff, in comparison with 24% of private sector managers.

As Figure 11 illustrates, managers in Italy have similar attitudes to the European averages when it comes to petty fiddling. However, it stands out that managers in Italy are less likely to say that there is no real difference between fraud and a bit of petty fiddling (24% vs a European average of 30%) and that petty fiddling is inevitable in a modern organisation (24% vs a European average of 30%).

Focus on...

Attitudes of managers towards ethics at work

This survey provides a picture of how managers in Italy approach ethics at work. In comparison with non-managers, they are more likely to have:

✔ **A positive perception of how frequently honesty is practised at work.** Managers are more likely than non-managers to say that honesty is practised always or frequently (81% vs 73%).

✔ **Spoken up about misconduct at work.** Managers who have been aware of misconduct during the past year at work are more likely to have spoken up about their concerns (60%) than non-managers in a similar position (45%).

! **Lenient attitudes to some questionable workplace practices.** Managers are more likely than non-managers to say that the following are acceptable: charging personal entertainment to travel expenses (15% vs 9%); using company petrol for personal mileage (14% vs 7%); minor fiddling/exaggeration of travel expenses (10% vs 5%) and making personal phone calls from work (45% vs 35%).

! **Been aware of misconduct at work.** More than a third (36%) of managers have been aware of misconduct at work, in comparison to a quarter (26%) of non-managers.

“

Managers are more likely to have been aware of misconduct at work than non-managers

.....



Summary and Conclusion

The data presented in this survey report highlights important issues about current attitudes to ethics in the workplace and raises crucial questions for organisations. It is important to stress that, in order to paint a meaningful picture, the results related to each indicator need to be read in the wider context, in parallel with other elements. For instance, higher awareness of misconduct could show that employees are failing to live up to the organisation's values. However, it could also be a positive sign of increased 'ethical literacy' among employees who have learned to identify and act upon ethical dilemmas in their workplace.

With this in mind, the survey sheds light on several challenges that organisations might want to consider going forward.

Are ethics programmes effective?

Employees in Italy are somewhat less likely to be aware of their organisation having all four building blocks of an ethics programme than the European average (14% vs 19%). However, they are more likely to agree that their organisation provides ethics training (43% vs 39%) and as likely to agree that their organisation provides a means of reporting conduct confidentially (44% vs 43%).

Results show that employees in organisations with a comprehensive ethics programme (all four building blocks) are more likely than employees in organisations with no ethics programme to say that honesty is practised always or frequently (85% vs 66%) and that their organisation lives up to its stated policy of social responsibility (88% vs 37%).

However, it is concerning that employees in organisations with a comprehensive ethics programme are also more likely to have lenient attitudes to some ethically questionable workplace practices than those in organisations without an ethics programme, for example, thinking that it is acceptable to pretend to be sick to take the day off (13% vs 5%). They are also more likely to say that their manager rewards employees who get good results, even if they use practices that are ethically questionable (53% vs 21%).

These findings might raise questions about the effectiveness of an ethics programme. Organisations need to assess how their ethics programme works in practice. It is also important to keep in mind that there is no 'one-size-fits-all' approach in ethics. In order to be effective, the content of an ethics programme should be carefully structured around the individual characteristics of an organisation and the nature of work.

“

It is important to keep in mind that there is no 'one-size-fits-all' approach in ethics

.....”

Do organisations provide an environment that supports employees to behave ethically at work?

It is encouraging to see that Italian employees who have been aware of misconduct are less likely to be aware of bullying/harassment than the European average (10% vs 26%). However, among those who have been aware of misconduct, a higher percentage report misreporting hours worked (39% vs a European average of 35%) and safety violations (34% vs a European average of 30%). It is important that organisations also address these issues. Minor instances of misconduct also have the potential to grow into bigger issues, cause reputational risk and contribute to an unethical working culture.

How are schemes to incentivise ethical behaviour designed? Are they achieving their intended purpose?

Practical incentives that motivate and encourage people to behave ethically are an important tool that organisations can use to embed their values in practice. For example, providing incentives is correlated with employees' positive perception of how frequently honesty is practised in their organisation's daily operations. In addition, employees who have been aware of misconduct in organisations with incentives are more likely to have spoken up than those in a similar position in organisations without incentives.

However, the survey shows that the presence of incentive schemes is also correlated to some less ethical attitudes or behaviours. This suggests that incentive schemes are not universally successful in shifting attitudes and behaviours, or perhaps even accidentally reinforce some less ethical organisational cultures.

Employees in organisations with incentives to encourage ethical behaviour and who have been aware of misconduct during the past year at work are more likely to speak up (71% compared to 46% of employees in a similar position in organisations without incentives). However, they are also more likely to have lenient attitudes to some questionable workplace practices and to have felt pressured to compromise their organisation's ethical standards (26% compared to 16% of those in organisations without incentives). It is vital that organisations design and test their incentive schemes to ensure that they are effective.

“

It is vital that organisations design and test their incentive schemes to ensure that they are effective

.....”

Appendix 1

Methodology and Respondent Profile

This survey report presents the findings of public research undertaken by ComRes on behalf of the Institute of Business Ethics (IBE) and Confindustria Assoconsult. ComRes is a member of the British Polling Council and abides by its rules. The IBE has asked similar questions of the British workforce every three years since 2005. In 2012, the IBE extended part of the survey to four additional major European markets: France, Germany, Italy and Spain.

The *Ethics at Work: 2018 survey of employees* illustrates the latest evolution and trends in employees' perceptions of ethics in the workplace. Given that organisations are increasingly taking an integrated approach to business ethics at the international level, in 2018 the number of countries included in the research has been expanded to cover France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand. This report describes the Italian findings and provides comparisons with European averages for 2018. The averages throughout the report reflect the percentage of the 6,119 European employees after each country's data was weighted to reflect the workforce by gender, age and region.

The survey was completed by a representative sample of about 750 working adults in each country aged 18+, including 768 working adults in Italy. The survey was undertaken between 5th and 25th February 2018.

COUNTRY	Total number of respondents	GENDER			AGE				SECTOR		MANAGERS		SIZE ⁴	
		Male	Female	Prefer not to say	18-34	35-54	55+	Prefer not to say	Public/Third	Private	Manager	Non-manager	SME	Large
Europe	6,119	3,256	2,834	29	1,804	3,127	1,184	4	2,025	4,094	1,862	4,257	3,255	2,418
Italy	768	445	320	3	179	438	151	-	208	560	216	552	450	232

Please note that the data in the table above is unweighted. For the purposes of analysis and reporting, the data was weighted to make the sample representative of the working populations (age 18+) in each of the countries surveyed by gender, age, and region.

The survey was conducted online, in the native language of the country being surveyed, and questions were 'randomised' to avoid any undue bias there may have been when answering potentially sensitive questions. In some cases, percentages do not add up exactly to 100%. This is due to a number of reasons, including rounding, participants being able to select more than one response to the question, or additional options not shown (e.g. don't know or other).

⁴ Please note that a small number of sole traders also participated in the survey.



Appendix 2

Survey Questionnaire

The survey questionnaire consisted of 14 questions, although not all questions were answered by all respondents. Eligibility for certain questions was dependent on responses to previous questions.

Q1. Below is a list of things that sometimes happen in the workplace. To what extent, if at all, do you think that each of the following actions is acceptable?

Please select one answer per row.

Totally acceptable *Fairly acceptable* *Not very acceptable* *Totally unacceptable* *Don't know*

- Taking pencils and pens from work
- Posting personal mail from work (e.g. letters or parcels)
- Making personal phone calls from work
- Using the internet for personal use during working hours
- Using company petrol for personal mileage
- Charging personal entertainment to expenses
- Pretending to be sick to take the day off
- Minor fiddling of travel expenses
- Favouring family or friends when recruiting or awarding contracts

Base 2018 = 768 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q2. In your organisation's daily operations, would you say that honesty is practised...?

Please select one response only.

Always *Frequently* *Occasionally* *Rarely* *Never* *Don't know*

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

Base 2012 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q3. During the past year at work, have you been aware of any conduct by your employer or colleagues that you thought violated either the law or your organisation's ethical standards? Please select one response only.

Yes *No* *Don't know*

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

Base 2012 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q4. Asked to respondents who answered yes to Q3.

Which, if any, of the following types of misconduct were you aware of?

Please select all that apply.

- **Abusive behaviour**
- **Misreporting hours worked**
- **Safety violations**
- **Discrimination (e.g. by race, gender, age)**
- **Stealing**
- **Improper hiring practices (e.g. favouring family or friends)**
- **Fraud**
- **Bullying/harassment**
- **People treated inappropriately/unethically**
- **Other**

Base 2018 = 226 employees in Italy who were aware of legal or ethical violations at work.

European average: Base 2018 = 1,854 employees in Europe who were aware of legal or ethical violations at work..

Q5. Asked to respondents who answered yes to Q3.

Did you raise any of your concerns with management, another appropriate person, or through any other mechanism? Please select one response only.

Yes No Don't know

Base 2018 = 226 employees in Italy who were aware of legal or ethical violations at work.

Base 2015 = 242 employees in Italy who were aware of legal or ethical violations at work.

Base 2012 = 201 employees in Italy who were aware of legal or ethical violations at work.

European average: Base 2018 = 1,854 employees in Europe who were aware of legal or ethical violations at work.

Q6. Asked to respondents who answered yes to Q5.

After raising or speaking up about your concerns, how satisfied or dissatisfied were you with the outcome? Please select one response only.

Very satisfied Fairly satisfied Fairly dissatisfied Very dissatisfied Don't know

Base 2018 = 114 employees in Italy who were aware of legal or ethical violations at work and raised their concerns.

European average: Base 2018 = 1,008 employees in Europe who were aware of legal or ethical violations at work and raised their concerns.

Q7. *Asked to respondents who answered no to Q5.*

Which of the following, if any, influenced your decision not to raise or speak up about your concerns? *Please select all that apply.*

- I felt it was none of my business
- I felt I might jeopardise my job
- I did not believe that corrective action would be taken
- I felt I might alienate myself from my colleagues
- I did not want to be seen as a troublemaker by management
- I did not know who to contact
- I thought that it was common practice
- I thought it would be raised by someone else
- I thought that they already knew about it
- I didn't think it was a serious issue at the time
- Other (Please specify)
- Don't know

Base 2018 = 103 employees in Italy who were aware of legal or ethical violations at work but did not raise their concerns.

Base 2015 = 141 employees in Italy who were aware of legal or ethical violations at work but did not raise their concerns.

European average: Base 2018 = 806 employees in Europe who were aware of legal or ethical violations at work but did not raise their concerns.

Q8. **Please indicate whether each of the following statements apply to your organisation or not.** *Please select one response only.*

Yes No Don't know

- **My organisation has written standards of ethical business conduct that provide guidelines for my job (for example a code of ethics, a policy statement on ethics or guidance on proper business conduct)**
- **My organisation provides employees with a means of reporting misconduct confidentially, without giving their name or other information that could easily identify them**
- **My organisation offers advice or an information helpline where I can get advice about behaving ethically at work**
- **My organisation provides training on standards of ethical conduct**

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

Base 2012 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q9. To what extent do you agree or disagree with each of the following statements?

Please select one answer per row.

Strongly agree **Tend to agree** **Neither agree nor disagree** **Tend to disagree** **Strongly disagree**
Don't know

- **Overall, my line manager sets a good example of ethical business behaviour**
- **My line manager explains the importance of honesty and ethics in the work we do**
- **My line manager rewards employees who get good results, even if they use practices that are ethically questionable**
- **My line manager supports me in following my organisation's standards of ethical behaviour**
- **My organisation disciplines employees who violate my organisation's ethical standards**
- **My organisation acts responsibly in all its business dealings (with customers, clients, suppliers, etc.)**
- **My organisation lives up to its stated policy of social responsibility**
- **Issues of right and wrong are discussed in staff meetings**

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

Base 2012 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q10. Have you felt pressured to compromise your current organisation's standards of ethical conduct? *Please select one response only.*

Yes **No** **Don't know**

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q11. Asked to respondents who answered yes to Q10.**Which of the following, if any, were the main pressures on you to act unethically?**

Please select a maximum of three responses.

- **I had to meet unrealistic business objectives/deadlines**
- **I was following my boss's orders**
- **I felt peer pressure to be a team player**
- **I wanted to help the organisation perform better (e.g. against competitors or spending cutbacks)**
- **I was trying to save my job**
- **My organisation has an unethical culture**
- **I was being asked to take shortcuts**
- **There were financial/budgeting pressures at the company**
- **We were under-resourced**
- **Time pressure**
- **Other (Please specify)**
- **Don't know**

Base 2018 = 129 employees in Italy who have felt pressured to compromise their organisation's standards of ethical conduct.

Base 2015 = 113 employees in Italy who have felt pressured to compromise their organisation's standards of ethical conduct.

European average: Base 2018 = 970 employees in Europe who have felt pressured to compromise their organisation's standards of ethical conduct.

Q12. Does your organisation provide incentives to employees to encourage them to live up to the organisation's ethical standards? *Please select one response only.*

Yes No Don't know

Base 2018 = 768 employees in Italy.

Base 2015 = 750 employees in Italy.

European average: Base 2018 = 6,119 employees in Europe.

Q13. Asked to respondents who answered yes to Q12.

Which of the following incentives, if any, does your organisation provide to encourage employees to live up to its ethical standards? *Please select all that apply.*

- It is part of our annual appraisal/review
- It is taken into account in assessing bonus payments
- Salary increases
- Public commendation (e.g. employee awards)
- Other (Please specify)
- Don't know

Base 2018 = 115 employees in Italy who say their organisation provides incentives to encourage employees to live up to its ethical standards.

European average: Base 2018 = 1,400 employees in Europe who say their organisation provides incentives to encourage employees to live up to its ethical standards.

Q14. Asked to respondents who identified themselves as managers.

To what extent do you agree or disagree with each of the following statements?

Please select one answer per row.

Strongly agree Tend to agree Neither agree nor disagree Tend to disagree Strongly disagree
Don't know

- Petty fiddling is inevitable in a modern organisation
- If we cracked down on every little fiddle we would soon find we had no staff
- If we cracked down on every little fiddle we would soon find we had no suppliers
- As long as I come in on time and within budget I am not going to worry about a bit of petty fiddling
- There is no real difference between fraud and a bit of petty fiddling
- It is acceptable to artificially increase profits in the books as long as no money is stolen

Base 2018 = 216 managers in Italy.

European average: Base 2018 = 1,862 managers in Europe.

Related IBE Publications

IBE publications provide thought leadership and practical guidance to those involved in developing and promoting business ethics, including senior business people, corporate governance professionals and ethics and compliance practitioners. Some recent publications related to this topic which you might be interested in include:

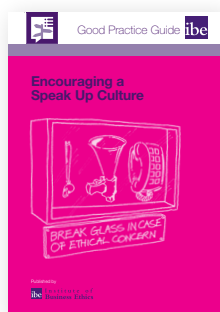


Ethics at Work: 2018 survey of employees

Guendalina Dondé and Katja Somasundaram

Employees' views are a key indicator of the ethical temperature in today's organisations. *Ethics at Work: 2018 survey of employees* is the only survey of its kind that provides real insight into employees' views on ethics across all sectors and job roles. It covers Europe, Australia, Canada, New Zealand and Singapore.

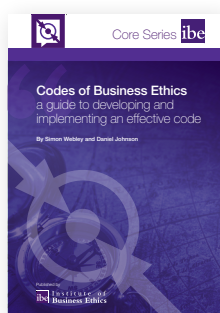
The survey, first introduced in 2005, asks employees how they experience ethical dilemmas in their day-to-day working lives. It looks at whether they have witnessed misconduct; whether they have reported it; the pressures they are under and what stops them speaking up. The *Ethics at Work* reports examine employees' experiences and the impact of formal ethics programmes on embedding ethical values into organisational culture and influencing behaviour.



Good Practice Guide: encouraging a Speak Up culture

Katherine Bradshaw

The freedom to raise concerns without fear of retaliation is a core component of a supportive ethical business culture – one where employees are confident they will be supported to 'do the right thing'. *Encouraging a Speak Up Culture* is the latest IBE Good Practice Guide. It examines practical ways that organisations can encourage a Speak Up culture by establishing a procedure to give employees the confidence to raise concerns about anything they find unsafe, unethical or unlawful without fear of retaliation. If companies do not support their employees in this way, they risk a concern becoming a crisis.



Codes of Business Ethics: a guide to developing and implementing an effective code

Simon Webley and Daniel Johnson

Updated guidance from the IBE on how to develop and implement an effective code of ethics. This Core IBE Report addresses many of the questions that arise when organisations wish to provide support and guidance to staff in ethical decision-making. It is intended to apply to organisations of any size, regardless of the sector in which they operate and will assist those charged with implementing or updating their organisation's code of ethics. *Codes of Business Ethics* follows the IBE 9-Step Model and shares examples of good practice.

Other IBE Resources



The IBE Speak Up Toolkit

The freedom to raise concerns is a core component of a supportive ethical culture where employees are confident they will be supported to 'do the right thing'.

Yet, despite increasing encouragement from organisations, employees still remain reticent. Speaking up can be an experience that provokes a mix of emotions; it may feel complex and daunting.

This is why the IBE has developed *The IBE Speak Up Toolkit*, to empower employees by demystifying the process and managing expectations.

The IBE Speak Up Toolkit helps employees prepare for raising a concern at work. It answers any questions you may have about the process – from noticing a problem and having a conversation through to what to expect if you call a Speak Up helpline or if your concern is investigated.

The IBE Speak Up Toolkit can be accessed free of charge or can be tailored for organisations wishing to link to their own policies and resources.

www.ibe.org.uk/speakuptoolkit



The IBE Say No Toolkit

The IBE Say No Toolkit is a decision-making tool to help organisations encourage employees to make the right decision in difficult situations.

The IBE Say No Toolkit delivers immediate guidance to employees on a wide range of common business issues, especially those that could lead to accusations of bribery.

Employees tap through a series of questions about the situation they face and the tool will provide the right decision to take: Say No, Say Yes or Ask. The answer also makes it clear why it is important to make that decision so your employees can have the confidence and the knowledge to respond correctly.

Organisations can use both *The IBE Say No Toolkit* app and website for free. The app can be downloaded on to any smartphone or tablet.

Simply go to www.saynotoolkit.net

The IBE Say No Toolkit can be customised and branded to suit your organisation's needs and detailed procedures. For more information email info@ibe.org.uk or call the IBE office on +44 20 7798 6040.

For details of all IBE publications and resources visit our website www.ibe.org.uk

Ethics at Work

2018 survey of employees

Italy

Employees' views are a key indicator of the ethical temperature in Italian organisations.

What do employees think about the ethical business practices of their employer? Are formal ethics programmes effective in embedding ethical values into organisational culture and influencing behaviour? What are the challenges for organisations and what should be the focus going forward?

This survey report presents the IBE survey findings, which give a snapshot of the business ethics landscape in Italy and include comparisons with European averages. The report focuses on three key themes. These relate to assessing the ethical culture of an organisation; identifying ethical risks and supporting ethics standards. Two specific issues that have a major impact on the culture of an organisation are also addressed: the ability of employees to voice their ethics-related concerns and the role of line managers in promoting ethics in the workplace.

Organisations can use the data provided to benchmark the views of their own employees with regard to levels of awareness of misconduct; willingness to raise concerns; perceptions of ethical culture and much more.